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## Argentina

### Oilseeds and Products Update

#### February Lock-up

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**Report Highlights:**

Soybean production for the 2011/12 marketing year (MY) is lowered from the official USDA number of 50.5 million metric tons (MMT) to 46.5 MMT. The main production areas have severe water deficits and despite sporadic rain showers, damage has been done. Based on lower production, exports and crush numbers are also dropped.

**Post:**

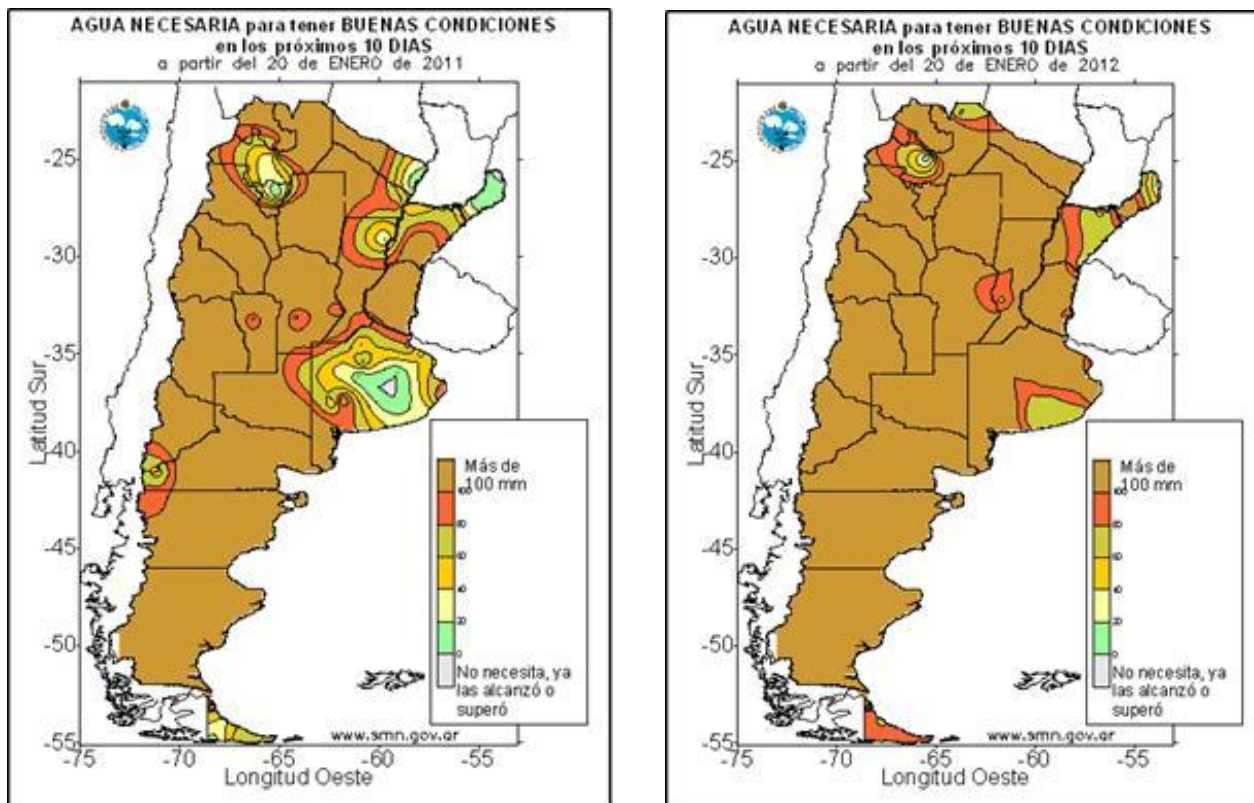
Buenos Aires

**Author Defined:****Soybeans:**

FAS Buenos Aires' production estimate for MY 2011/12 soybeans is 46.5 MMT, nearly a 10% drop from the USDA official number of 50.5 MMT. Intended planted area is adjusted upward by 100,000 to 18.8 million hectares. This is lower than Post's previous number of 19 million hectares. Planting has not finished yet and it is expected that some second crop soy will not even be planted. In addition, producers who had originally planned to plant corn, switched to second crop soy. This makes up some of the lost area, but not enough to fully recover.

It has been hot and dry since November with little relief in the major crop production area. There were two significant rains on January 10th and 11th, and again on January 22nd and 24th in the pampa humeda but they haven't been big enough to remove the pessimism that lingers in the agricultural community. Northern Argentina and Southeastern Buenos Aires province are the only two areas that seem to have normal growing conditions this year for soybeans and corn and have not been affected heavily by the drought. It is important to keep in mind that even these areas are marginal. Rain is expected this week in the main growing region: Northwestern Buenos Aires province, Southern Santa Fe province and Southeastern Cordoba province.

Below is a look at the water necessary in order to have good growing conditions. The first chart is from January 2011, and the second is from January 2012. Water deficit this year is much greater than last year, which means that more than 100 mm of rain is needed in order for the soybean crop to bounce back to normal yields.



Source: Instituto Nacional de Tecnología Agropecuaria, INTA

Planting for second crop soybeans usually begins directly after the wheat harvest but this year many fields did not have sufficient soil moisture in December and planting was delayed. Likewise, many producers who had planned to produce late harvest corn, decided not to take the risk and switched to a low-quality second crop soy. After the rains on January 9th and 10th, a wave of second crop soybean planting resumed. Expecting rains during the week of January 23, producers planted soybeans on dry land hoping plants would emerge with the showers. There is still anywhere between 300,000 and 600,000 hectares left to be planted that for now these areas are dry and dusty wheat stubble. The longer planting is delayed, the higher the risk of frost.

In the last two weeks the Agricultural Attaché traveled through northern Buenos Aires province, southeastern Cordoba, and southern Santa Fe province. These areas are the hardest hit by the drought and make up about 25 percent of the production area. Nearly all of the first crop soybeans are stunted, abnormally short and the rows are not covered. Some are flowering and some already have pods. Most of the first crop fields looked like what second crop soy normally looks like at this time of the year. Of second crop soy, most is very small and dry with severe symptoms of water deficit. Without rain, the second crop soy is in grave danger of burning to a crisp.

Based on the Ministry of Agriculture's weekly report and assessment of crop conditions of the entire country about 0.3 percent of the crop is in very good condition, 54 percent in good condition, 36 percent

in average to poor condition, and about 10 percent in very bad condition. Average yields are adjusted downward to 2.47 tons/ha, and forecasted production is 46.5 MMT.



S 35°50.040' W062°52.742' 1st crop soybeans  
Trenque Lauquen, Buenos Aires



S 34°50.217' W061°34.071' 1st crop soybeans  
Lincoln, Buenos Aires



S 34°17.914' W062°43.069' 1st crop soybeans  
Rufino, Santa Fe



S 34°08.656' W063°24.036' 2nd crop soybeans  
Laboulaye, Cordoba

Due to the drop in production and expected diminished supply, Post anticipates that exports of whole beans will likewise drop. MY2011/12 bean exports are lowered to 6.5 MMT from the USDA official number of 9.3 MMT. Furthermore crush is expected to drop slightly from 39.65 to 38 MMT. Many contacts in the trading industry indicate that producers will hold onto their beans until the price goes up higher. Crushers are already receiving negative margins but with so much investment in the crushing industry contacts indicate that a huge drop is unlikely. With less crush and less exports, there should be an increase in stocks.

Crush for MY 2010/11 is lowered by 900,000 tons to 37 MMT. Through December 2011, 30.2 MMT have been crushed. In the remaining 3 months, it is expected that about 18 percent of the total crush



will be finished off based on historical averages.

**Sunflowerseed:**

Contrary to the soybean situation, the majority of the sunflower crop is thriving given that it is a hardier crop that can resist dry weather and lack of rainfall more than soy can. Post maintains its estimate of 1,875,000 planted hectares, in line with the official USDA estimate. With average yields, production remains forecast at 3.2 MMT. Harvest has begun for sunflowers in the provinces of Paraná, northern Santa Fe, Chaco, and Santiago de Estero. According to the Ministry of Agriculture, as of Jan 26th, nearly 20 percent of the crop has been harvested.

There are no other changes to sunflower crush or exports in this report.



S 35°45.593' W062°56.284' Trenque Lauquen, Buenos Aires province, January 18, 2012

**Peanuts:**

Peanuts are an even hardier crop than sunflowers and are even less affected by hot, dry weather. Production for peanuts is expected to not be affected by the drought at this point in time. Production remains at 1.1 MMT, planted on 300,000 hectares.

[illegible]

Oil, Soybean (Local) Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	39,190	39,190	37,900	37,000	39,650	38,000
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	160	160	225	225	238	290
Production	7,460	7,460	7,213	7,050	7,569	7,239
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	7,620	7,620	7,438	7,275	7,807	7,529
MY Exports	5,180	5,180	4,650	4,700	4,780	4,750
MY Exp. to EU	388	388	425	425	435	435
Industrial Dom. Cons.	1,850	1,850	2,200	1,900	2,525	2,200
Food Use Dom. Cons.	365	365	350	385	325	390
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	2,215	2,215	2,550	2,285	2,850	2,590
Ending Stocks	225	225	238	290	177	189
Total Distribution	7,620	7,620	7,438	7,275	7,807	7,529
1000 MT, PERCENT						

[illegible]